

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

Caption in Compliance with D.N.J. LBR 9004-2(c)

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In re:

INVATECH PHARMA SOLUTIONS LLC,

Debtor-in-Possession.

Case No.: 25-11482

Hon. Christine M. Gravelle

Chapter 11

**DECLARATION OF NILESH M. PATEL IN SUPPORT OF THE
DEBTOR'S CHAPTER 11 PETITION AND FIRST DAY MOTIONS**

Nilesh M Patel, being of full age and having been duly sworn according to law, hereby declares as follows:

1. I currently serve as the CEO of InvaTech Pharma Solutions, LLC, (hereinafter, the “Debtor” or “InvaTech”).
2. Established in 2013, InvaTech is a New Jersey limited liability company providing generic prescription pharmaceutical products.
3. InvaTech’s members include: (i) Nilesh M Patel_(30%); (ii)Paresh J Patel (10%) (iii) Pankaj R Patel (10%) (iv) Vandana M Patel (10%) (v) Pramukh Capital LLC (5%) (vi) HD Star Management LLC (5%), (vii) Dhruti R Patel (3%), (viii) Mayank Patel (2%), (ix) Vipul Patel (1%), (x) Nilesh Balar (1%), (xi) Nilesh L Patel (3%), (xii) BPH Pharma LLC (18%).

InvaTech Background

4. The CEO and Founder, Nilesh M. Patel, has a bachelor's in science and has worked with pharmaceutical companies in India and U.S. for 25+ years in manufacturing, quality assurance, regulatory, compliance and has overseen filing and approval of 75+ abbreviated new drug applications ("ANDA"), and 30+ changes being affected ("CBE") and prior approval supplement ("PAS") protocols. He was formerly the Co-Founder and CEO of a generics company, whose revenue grew to \$100M+ in 2004-2012 timeframe.

5. Director of Manufacturing, Bhaskar Patel, with a master's in pharmacology (M. Pharm), has over 20 years of experience working with global Pharma Companies and overseeing development of 70+ ANDAs and filing 60 products.

6. There are 40 employees, with 2 in research and development, 12 in production, 12 in quality control, 12 in regulatory and administration, and 2 in engineering.

InvaTech Current Operations

7. InvaTech specializes in the manufacture and distribution of generic prescription products for cardiovascular, gastrointestinal, dermatological, hypertension, respiratory, dental, pain, muscle spasms relief, women's health, and ophthalmic drugs in injectable, ophthalmic dosage, oral solid, liquid orals and control substance forms.

8. The U.S. generic drug market was valued at \$133.85 billion in 2023 and is projected to grow to \$190.64 billion by 2033.¹

9. InvaTech generated revenue of \$5,600,000 in 2024, and an EBITDA before R&D, of \$500,000 in 2024.

10. InvaTech has filed over 40 Abbreviated New Drug Applications ("ANDA"), out of

¹ <https://www.novaoneadvisor.com/report/us-generic-drug-market> (visited February 16, 2025)

which 28 were approved and an additional 3-4 are expected in 2025. Ten to Twelve more ANDAs are at various stages of filing now and 6-8 more are under active development.

InvaTech Future Operations

11. Leadership at InvaTech have a vision for the company that involves a next generation durable specialty pharmaceutical platform of scale, focused on a strong pipeline of drugs with first /generic advantage, and closed-loop supply chain/API leaving little growth opportunity for competition, with stable market and margins.

12. According to the FDA, they approve a drug only after reviewing extensive testing showing that a drug will provide the benefits described in its labeling, and that those outweigh its risks.² Once a drug is approved, it is important to have the infrastructure in place to begin production.

13. InvaTech currently has cost/profit sharing sales and marketing arrangements with some well-established U.S. pharma interests and distributors like Patrin Pharma, Rising Pharmaceuticals, Eywa Pharma and Strides Pharmaceuticals. The target customers for the generic drugs will be government buyers like Veterans Affairs, Department of Defense, and additional targeted clients like Amerisource Bergen, McKesson, Wal-Mart, Cardinal, CVS, OptiSource, and other food chains, and wholesalers.

14. InvaTech has its own leased premises of about 46,000 Sq. ft in NJ, with capabilities including: (i) pharmaceutical grade solid oral & liquid oral dosage manufacturing; (ii) R&D lab with ability to file 10-12 products per year; (iii) warehouse, regulatory, quality assurance; (iv) utilities; and (v) furnished offices for future expansion.

15. InvaTech's facilities have passed several inspections with no significant

² <https://www.fda.gov/drugs/generic-drugs/what-approval-process-generic-drugs> (February 16, 2025)

observations issued by FDA.

InvaTech Debt Structure

16. On or about 2014, InvaTech executed a loan agreement with Citibank (“Citibank”) (with related documents and security agreements, “Citibank Loan”) in the amount of \$350,000.00.

17. The Citibank Loan is secured and personally guaranteed by the assets of the company and certain members.

18. The proceeds of the Citibank Loan were used for working capital.

19. There is a balance of approximately \$240,000 on the Citibank Loan.

20. On November 30, 2015, InvaTech executed an SBA-guaranteed promissory note to Provident Bank (“Provident”) (with related documents and security agreements, “Provident Loan 1”) in the amount of \$2,500,000.

21. Provident Loan 1 is secured and personally guaranteed by the assets of the company and certain members.

22. The proceeds of Provident Loan 1 were used for leasehold improvements (\$1,200,000), the purchase of machinery and equipment (\$600,000), and working capital and closing costs (\$700,000).

23. Provident Loan 1 was necessary for the construction of the pharma grade facility to meet FDA standards for the production, storage and warehousing needs of InvaTech.

24. There is a balance of approximately \$1,350,000 on Provident Loan 1.

25. On September 18, 2017, InvaTech executed an SBA-guaranteed promissory note to Provident (with related documents and security agreements, “Provident Loan 2”) in the amount of \$1,100,000.

26. Provident Loan 2 is secured and personally guaranteed by the assets of the company

and certain members.

27. The proceeds of Provident Loan 2 were used for disbursement of FDA fees (\$1,000,000) and working capital and closing costs (\$100,000).

28. There is a balance of approximately \$620,000 on Provident Loan 2.

29. Pursuant to the budget (the “Budget”) attached as **Exhibit A**, InvaTech anticipates collecting sufficient receivables through the period ending the Debtor’s intended use of any purported collateral to adequately protect the Banks’ protectable interests.

30. With November and December being seasonally slow months, total operating income (after cost of goods sold), as of January of 2025, was \$216,039.00.

31. Operating income is projected to increase steadily, through June of 2025, reaching \$409,260.00.

32. As of this filing, the inventory on hand is approximately \$1,240,000.00. Accounts receivable is approximately \$1,470,483.00.

33. InvaTech’s cash projections are derived from existing purchase orders and the anticipated billing amounts due after production. Once the product is shipped, payment is expected within 30-60 days.

34. Unfortunately, the restrictions in place with SBA loans (Provident Loan 1 and Provident Loan 2) proved to be too onerous for InvaTech’s growth needs. Under the terms of the SBA loans, InvaTech is prohibited from obtaining additional working capital.

35. Despite InvaTech’s investments to date, more is needed to accomplish the company’s goal of further growth. In order to achieve that growth, the company needs working capital from a new investor that can support InvaTech in improving capacity and catering to new business with larger production demands.

36. InvaTech intends to use the Bankruptcy process to secure new funding for operations and increased capacity, while continuing to provide adequate assurance to its existing debt holders and satisfying ordinary course creditors.

37. InvaTech has been engaged in discussions with Elysium Pharmaceuticals LTD to accomplish this goal. Upon securing the various first day relief sought in connection with this case, InvaTech will continue those discussions.

38. By this Declaration, it is InvaTech's business judgement that these efforts are in the best interest of the Debtor and the estate, and respectively request Your Honor grant the first day relief sought.

39. I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Date: February 18, 2025

/s/ Nilesh M. Patel
Nilesh M. Patel
Chief Operating Officer of InvaTech,
Debtor-in-Possession

EXHIBIT A

Invatech Pharma Solutions LLC

40 C Cotters Lane Suit A,East Brunswick,NJ-08816

		<u>Actual</u>	<u>Tentative</u>	<u>Tentative</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
	SALES	January	February	March	April	May	June
Cash In	Total Operating Income thru product sale based on confirmed orders	\$392,799	\$465,000	\$545,000	\$635,000	\$680,000	\$718,000
Cash out	COGS to make the products such as raw material, packaging	\$176,759	\$223,200	\$283,400	\$273,050	\$306,000	\$308,740
	Gross Income	\$216,039	\$241,800	\$261,600	\$361,950	\$374,000	\$409,260
Cash Out	EXPENSES						
	Rent	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500	\$48,500
	Employer Wages(gross)	\$170,000	\$180,000	\$185,000	\$190,000	\$195,000	\$200,000
	Utilities/Interstate	\$16,500	\$16,500	\$16,500	\$16,500	\$16,500	\$16,500
	Insuarance(Health + WorkmanComp.)	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
	Miscelaneous & repairs	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500	\$9,500
	Bank Charges	\$500	\$500	\$500	\$500	\$500	\$500
	Citi Bank Loan	\$8,800	\$8,800	\$8,800	\$8,800	\$8,800	\$8,800
	Provident Loan	\$0	\$0	\$0	\$0	\$0	\$0
	Gov & FDA Lic Fees	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500
	Other Exp - Office & lab supplies	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500	\$24,500
	Total Operating Expense	\$321,800	\$331,800	\$336,800	\$341,800	\$346,800	\$351,800
	NOI - Net Operating Income	-\$105,761	-\$90,000	-\$75,200	\$20,150	\$27,200	\$57,460

Cash In	Inventory On Hand	\$1,240,000
	A/C Receivable from Clients as of 2/14/2025	\$1,470,483
		\$2,710,483

Cash out with past dues	A/C Payable to Vendors	\$5,972,424
		\$5,972,424